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World Production and Trade

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United States
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Foreign
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Service

Washington, D.C. 20250

Weekly
Roundup

WR 28-86

July 16, 1986

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

TRADE NOTES

Preparations to Launch New MULTILATERAL TRADE NEGOTIATIONS Nearly Complete. The "Preparatory Committee," established by the General Agreement on Tariffs and Trade (GATT) late last year to determine the objectives and scope of the new round of multilateral trade negotiations (MTN), is meeting in Geneva from July 7-15 to complete its work. The committee will draft a declaration for the GATT Ministerial meeting to be held in Punta del Este, Uruguay in September. This declaration, when issued by the GATT ministers, will officially launch the new MTN.

GRAIN AND FEED

SAUDI ARABIA Exports Wheat. Saudi Arabia donated 200,000 tons of wheat to Egypt, which could displace Egyptian purchases of U.S. wheat. For the first time Saudi Arabia also has sold 50,000 tons of wheat to Sri Lanka, normally an Australian and U.S. market. Due to a substantial government subsidy for domestically grown wheat, Saudi wheat production has increased over the past several years, reaching a record 2.0 million tons in 1985. As a result, Saudi Arabia is estimated to have about 1.0 million tons of exportable wheat, and in 1986/87 (July/June) could be a net wheat exporter for the first time. Saudi Arabia first exported wheat last year when it shipped 100,000 tons.

AUSTRALIA Opens Research Flour Mill. The opening of a new research flour mill will allow Australia's wheat customers to assess fully the commercial milling performance of a wide variety of Australian wheat. The mill can simulate milling operations found around the world and is capable of producing flour at commercial rates of about 600 kilograms per hour, which is well above the 30-kilograms-per-hour rate of the current research facility. Given today's highly competitive world wheat market, the mill could assist in selling Australian wheat by improving customer support services.

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SOUTH AFRICA Buys More U.S. Wheat. South Africa's recent purchase of 66,000 tons of U.S. wheat should mean greater than expected U.S. wheat exports to that country during 1986/87 (June/May). The sale brings South African purchases of U.S. wheat since May to 156,000 tons, which is substantially above last year's total exports of about 27,000 tons. Future U.S. wheat sales to South Africa depend partly upon whether Australia, normally a major supplier of wheat to South Africa, institutes trade sanctions against that country.

PHILIPPINES to Purchase U.S. Wheat under Public Law 480. On July 8, the Philippines awarded contracts to buy 66,000 metric tons of Western White (WW) wheat and 223,000 metric tons of Northern Spring/Dark Northern Spring (NS/DSN) wheat for delivery to U.S. ports from July 15 through Sept. 30. These purchases were made under the first P.L. 480 Title I wheat program to the Philippines in six years. The Philippine Association of Flour Millers was the importer of record, with shipments to be divided between eight member flour mills. Prices for WW wheat ranged between \$97.00 and \$98.85 per metric ton, while prices for NS/DSN wheat were between \$113.93 and \$121.52 per ton (free on board, U.S. ports). About 60 percent of total tonnage will be carried on U.S. flag vessels pursuant to the Cargo Preference Act. The Commodity Credit Corporation (CCC) will pay U.S. flag ship owners about \$7 million from Title I appropriated funds to offset the higher cost of these shipments compared to foreign flag alternatives.

USDA Accepts Export Enhancement Bids for YUGOSLAVIA, EGYPT and SAUDI ARABIA. Under the Export Enhancement Program, CCC accepted offers for 60,000 tons of Hard Red Winter (HRW) wheat to Yugoslavia and 67,000 tons of wheat to Egypt, including 42,000 tons of Soft Red Winter wheat and 25,000 tons of Western White Wheat. Prices for the HRW to Yugoslavia ranged from \$86.00 per ton f.o.b. to \$88.00 per ton f.o.b. The wheat to Egypt sold for \$86.50 per ton cost and freight. In addition, 40,000 tons of barley was awarded for export to Saudi Arabia at a price of \$60 per ton cost and freight.

CORRECTION. In the July 2, 1986 issue, WR 26-86, there was an incorrect item on a 5-year grain agreement between Taiwan and the United States. The agreement is a private sector agreement. Negotiations to renew the pact between Taiwan importers and U.S. grain exporters are in progress, but have not been completed. No new quantity levels have been set for a new 5-year agreement, but trade can continue despite the expiration of the last agreement on June 30, 1986.

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OILSEEDS AND PRODUCTS

Vegetable Oil Export Enhancement Program Announced for INDIA. The first Export Enhancement Program for vegetable oil was announced for India. The program gives U.S. exporters the opportunity to sell 25,000 metric tons of oil. The program will enable U.S. exporters to compete at commercial prices in the Indian market in response to future tenders.

SUGAR

Sugar Production Forecast Revised Downward in YUGOSLAVIA. Raw sugar production in Yugoslavia for 1986/87 is now forecast at 848,000 tons, down 15 percent from the April forecast and 14 percent less than production last year, according to the U.S. agricultural counselor in Belgrade.

The 1986 area in sugarbeets, estimated at 139,000 hectares, fell short by about 40,000 hectares of the government's spring seeding plan. The decline in area was mainly due to a spell of freezing weather in April which reportedly killed young plants on more than 60,000 hectares -- only a portion of this area was replanted to beets. In addition, some of the crop outside the freeze area was attacked by sugarbeet beetles and eventually planted to another crop.

CREDIT NOTES

USDA Authorizes Credit Guarantees to the YEMEN ARAB REPUBLIC. USDA authorized \$5 million in credit guarantees to U.S. exporters so the Yemen Arab Republic can buy U.S. mixed poultry feed under the Export Credit Guarantee Program. These new guarantees are in addition to the \$50 million in coverage for wheat, wheat flour, feed grain and sugar sales announced earlier.

SENEGAL Signs Amendment to P.L. 480 Agreement. On July 3, Senegal's fiscal 1986 P.L. 480 Title I agreement was amended to provide an additional \$4.0 million (about 20,000 metric tons) of U.S. rice. The amendment increased the total value of the fiscal 1986 agreement to \$9.5 million.

MOZAMBIQUE Signs Amendment to P.L. 480 Agreement. On July 9, Mozambique's fiscal 1986 P.L. 480 Title I agreement was amended to provide for the sale and transportation of an addition \$3.5 million of agricultural commodities. The amendment covers the sale of \$1.6 million of wheat (about 14,000 metric tons) and \$0.9 million of corn (about 9,000 metric tons), together with \$1.0 million in ocean transportation financing. The total value of the fiscal 1986 agreement was increased to \$13.9 million.

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EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of July 15, 1986, was as follows in metric tons:

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS
37. India Vegetable Oil	July 8, '86	25,000
36. Jordan Barley	June 17, '86	60,000
35. Israel Barley	June 17, '86	200,000
34. Tunisia Dairy Cattle	May 29, '86	4,000 head
33. Algeria Dairy Cattle	May 29, '86	5,000 head
32. Sri Lanka Wheat	May 16, '86	125,000 Sold 50,000
31. Saudia Arabia Barley	May 7, '86	500,000 Sold 200,000
30. Algeria Barley	Apr 17, '86	500,000
29. Morocco Dairy Cattle	Apr 16, '86	4,000 head
28. Turkey Dairy Cattle	Apr 16, '86	5,000 head
27. Egypt Dairy Cattle	Apr 16, '86	6,000 head
26. Yemen Poultry Feed	Apr 14, '86	150,000
25. Yugoslavia Wheat	Apr 10, '86	200,000 COMPLETE
	June 24, '86	200,000 Sold 120,000
24. Indonesia Dairy Cattle	Apr 9, '86	7,500 head
23. Syria Wheat	Apr 8, '86	700,000
22. Benin Wheat	Apr 7, '86	45,000 Sold 10,000
21. Algeria Table Eggs	Apr 4, '86	500 million
20. Iraq Dairy Cattle	Apr 4, '86	6,500 head
19. Jordan Wheat	Mar 19, '86	75,000 COMPLETE
	June 24, '86	75,000 COMPLETE
18. Tunisia Wheat	Mar 18, '86	300,000 Sold 50,000
17. Algeria Wheat Flour	Feb 25, '86	100,000
16. Algeria Semolina	Feb 11, '86	250,000
15. Philippines Wheat	Jan 7, '86	150,000 COMPLETE (152,400)
14. Zaire Wheat	Dec 27, '85	40,000 Sold 35,000
	May 15, '86	40,000
13. Nigeria Barley Malt	Dec 10, '85	100,000 Sold 4,400
12. Iraq Wheat Flour	Dec 9, '85	150,000 Sold 75,000
11. Egypt Poultry	Nov 26, '85	8,000 COMPLETE
	Mar 21, '86	15,000 COMPLETE
	June 18, '86	5,000 COMPLETE
	July 8, '86	15,000
10. Zaire Wheat Flour	Nov 18, '85	64,000 Sold 45,000
	May 15, '86	30,000
9. Philippines Wheat Flour	Nov 15, '85	100,000 Sold 50,000
8. Jordan Rice	Nov 8, '85	40,000 Sold 22,700
7. Turkey Wheat	Oct 16, '85	500,000 COMPLETE (506,600)
	May 8, '86	500,000
6. Morocco Wheat	Sept 30, '85	1,500,000 Sold 890,000
5. Yemen Wheat	Sept 6, '85	100,000 Sold 50,000
4. Yemen Wheat Flour	Aug 20, '85	50,000 Sold 31,500
	Apr 14, '86	100,000

3. Egypt Wheat	Jul 26, '85	500,000	COMPLETE
	Oct 30, '85	500,000	COMPLETE (512,500)
	June 20, '86	500,000	Sold 252,000
2. Egypt Wheat Flour	Jul 2, '85	600,000	COMPLETE
1. Algeria Wheat	Jun 4, '85	1,000,000	COMPLETE
	Apr 10, '86	1,000,000	

EXPORT ENHANCEMENT PROGRAM SUMMARY

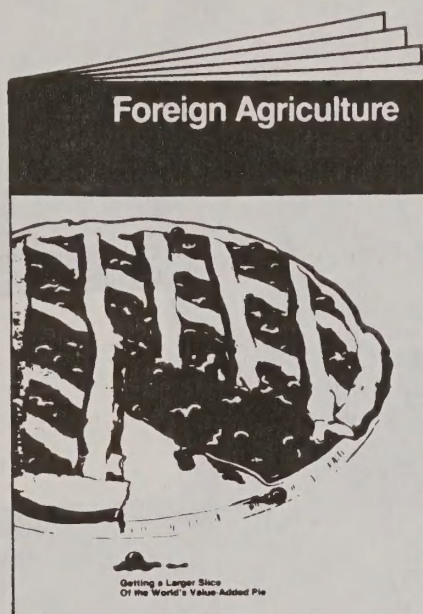
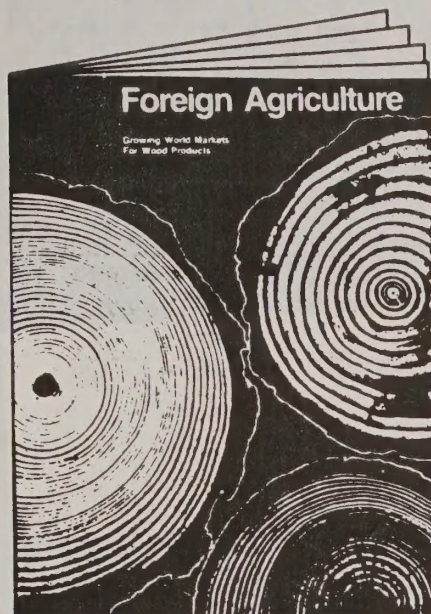
Announced to Date	11,611,780 (grain equivalent) tons
	500 million table eggs
	43,000 tons frozen poultry
	38,000 head dairy cattle
	25,000 tons vegetable oil
Sold to Date	4,478,500 wheat
	1,098,055 flour, grain equivalent
	200,000 barley
	28,000 frozen poultry
	22,700 rice
	5,980 barley malt, grain equivalent
Bonus	\$281.9 million at book value (1,973,300 tons)

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Selected International Prices

Item	:	July 15, 1986	:	Change from	:	A year
	:		:	a week ago	:	ago
ROTTERDAM PRICES 1/		\$ per MT	\$ per bu.	\$ per MT		\$ per MT
Wheat:						
Canadian No. 1 CWRS-13.5%.		N.Q.	--	--		N.Q.
U.S. No. 2 DNS/NS: 14%....		126.50	3.44	-2.00		155.50
U.S. No. 2 S.R.W.		118.75	3.23	+3.25		136.00
U.S. No. 3 H.A.D.....		127.50	3.47	-10.50		167.00
Canadian No. 1 A: Durum...		N.Q.	--	--		174.00
Feed grains:						
U.S. No. 3 Yellow Corn....		96.00	2.44	-2.00		125.75
Soybeans and meal:						
U.S. No. 2 Yellow.10/.....		197.10	5.36	-6.30		229.00
Brazil 47/48% Soya Pellets		187.00	--	+2.50		155.00
U.S. 44% Soybean Meal.....		178.00	--	-0.50		149.50
U.S. FARM PRICES 3/						
Wheat.....		86.71	2.36	+0.37		109.85
Barley.....		56.03	1.22	-0-		75.35
Corn.....		73.62	1.87	-3.15		103.15
Sorghum.....		70.55	3.20 2/	-2.87		95.90
Broilers.....		1531.09	--	-24.25		1143.53
EC IMPORT LEVIES						
Wheat 5/.....		155.45	4.23	-2.55		95.70
Barley.....		161.75	3.52	+4.25		85.40
Corn.....		157.90	4.01	+3.30		77.00
Sorghum.....		166.90	4.24	+0.40		97.65
Broilers 4/ 6/ 8/.....		348.00	--	-1.00		173.00
EC INTERVENTION PRICES 7/ 9/						
Common wheat(feed quality)		170.55	4.64	-29.55		140.45
Bread wheat (min. quality)		179.40	4.88	-33.10		150.30
Maize.....		179.40	4.56	-33.10		140.45
Barley and all other feed.						
grains, excluding maize.		170.55	--	-29.55		140.45
Broilers 4/ 6/.....		1,444.00	--	+22.00		N.A.
EC EXPORT RESTITUTIONS (subsidies)						
Wheat		N.A.	--	--		15.65
Barley.....		N.A.	--	--		31.95
Broilers 4/ 6/ 8/.....		256.00	--	-1.00		101.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ October delivery. N.A.=None authorized. N.Q.=Not quoted. Note: Basis August delivery.



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